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LIFE AFTER IS OUTSOURCING: UNDERSTANDING IS PERSONNEL RESPONSES TO RESIZING INITIATIVES

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Abstract

Anecdotal evidence and press reports point to improper management of IS personnel as a key reason for failure of several IS outsourcing deals. IS outsourcing initiatives are often coupled with changes to the in-house IS function, resulting in significant changes to the rank, size and responsibilities of IS personnel (collectively termed as “IS resizing”). This research seeks to examine the issues surrounding IS resizing, post-outsourcing, by focusing on the psychological responses of IS survivor employees. We conceptualize three kinds of IS resizing approaches – downsizing (layoff), outplacement (redeployment to an external vendor) and inplacement (internal reassignment). Drawing on psychological contract theory, social identity theory, IS personnel and outsourcing literature, we propose a model linking the IS resizing approach, psychological characteristics of the IS employee, and behavioral outcomes. We incorporate transition management as a critical component in mitigating the psychological contract violations that arise due to outsourcing and IS resizing.

Keywords: Information Systems Outsourcing, IS Outsourcing Success Factors, Information Systems Personnel, Resizing, People issues, Downsizing, Organizational Justice.